

Newsflash

FCA Consultation on Advice Guidance Boundary Review
targeted support for pensions proposals

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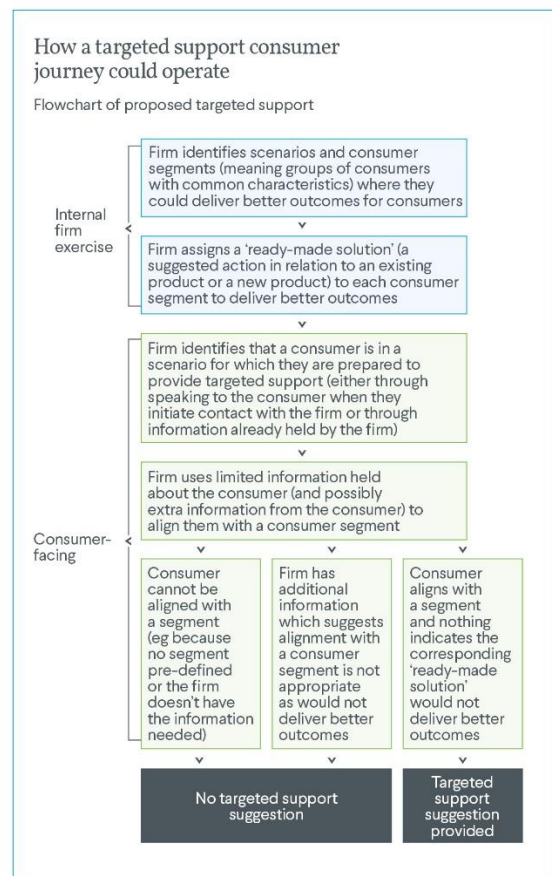
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A year after the FCA first consulted on proposals to help close the advice gap¹, proposals for how targeted support could be used to improve outcomes for consumers saving in DC pensions have been [published](#). In this newsflash, we consider the key elements of the FCA’s proposals and the implications for firms considering offering targeted support for pensions.

The FCA has confirmed its intention to focus on outcomes rather than introducing detailed requirements, instead relying on existing regulation and in particular Consumer Duty. These proposals mark a significant shift in approach and reflect a willingness to work with providers to increase consumer engagement. The proposals will allow firms to provide more tailored support to consumers making key decisions about their DC pensions and deliver better outcomes for Defined Contribution pension savers at scale.

What is targeted support?

Under the FCA’s proposals, firms would make pre-defined suggestions based on limited information to groups of consumers with common characteristics (referred to as “consumer segments”). Importantly, firms must have reasonable grounds for believing that the targeted support would **deliver a better outcome**.



¹ [DP23/5: Advice Guidance Boundary Review – proposals for closing the advice gap | FCA](#)

What is the FCA trying to achieve?

- **Avoiding poor outcomes**, with examples cited of inadequate saving levels and poorly informed decumulation decisions that leave consumers with less money in retirement.
- **Increasing engagement** with pensions and providing the right support to help consumers make decisions that meet their needs, providing them with a more adequate income in retirement.
- **Enabling consumers to take decisions** in line with their own risk appetite.

Approach to setting a targeted support framework

The FCA intends to use existing requirements where possible, in particular the Consumer Duty and the Product Intervention and Product Governance Sourcebook (PROD). Under the proposed approach:

- Any rules/guidance would be 'channel neutral', as some consumers may not wish or be able to engage online. ***Firms should consider how they intend to engage with their target market(s), including consumers with characteristics of vulnerability.***
- Firms will need to define their own consumer segments and the scenarios where they could give targeted support to deliver better outcomes. This outcomes-based approach creates some uncertainty over how the Financial Ombudsman will make judgements. ***Firms should consider the governance and controls required to evidence the "reasonable grounds" for believing targeted support would provide a better outcome.***
- No new requirements are proposed for the pre-defined suggestions made to consumer segments, including whether a specific product is suggested, with the exception of annuities. Any targeted support recommendation for an annuity won't be able to suggest a specific product.
- The data needed to match consumers to the characteristics of a particular consumer segment is likely to amount to processing personal data. ***Firms should consider how personal data will be processed in line with relevant requirements.***
- Firms providing targeted support will be accountable for the intended outcomes of products proposed as ready-made solutions, including ensuring appropriate investment options. Requirements could range from demonstrating appropriate oversight of outcomes to imposing obligations on all firms offering targeted support equivalent to those applicable to manufacturers.
- Firms providing targeted support will need to determine appropriate charging structures. ***Any cross-subsidy introduced to avoid an up-front fee must consider fair value to all groups of consumers.***

What next

Firms are invited to comment on the FCA's proposals by 13 February 2025. The FCA intends to publish draft rules and a cost-benefit analysis by the end of June 2025.

We continue to work with a wide range of firms providing DC pension savings and decumulation options. If you would like to discuss any of the proposals for targeted support further, please get in touch with your usual Hymans Robertson contact or one of the authors of this Newsflash.

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